UNITED NATIONS

General Assembly

FIFTY-FIRST SESSION

Official Records

FIFTH COMMITTEE
21st meeting
held on
Tuesday, 5 November 1996
at 10 a.m.
New York

SUMMARY RECORD OF THE 21st MEETING

Chairman: Mr. SENGWE (Zimbabwe)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

CONTENTS

AGENDA ITEM 111: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS

AGENDA ITEM 120: HUMAN RESOURCES MANAGEMENT (continued)

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of the publication* to the Chief of the Official Records Editing Section, room DC2-794, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

Distr. GENERAL
A/C.5/51/SR.21
13 March 1997

ORIGINAL: ENGLISH

96-81839 (E)

The meeting was called to order at 10.10 a.m.

AGENDA ITEM 111: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (A/49/368, A/49/943; A/50/985; A/51/5 (Vols. I-IV), A/51/5/Add.1-10, A/51/283, A/51/488 and Add.1, A/51/533 and A/C.5/50/51)

1. Mr. PREMPEH (Chairman of the Board of Auditors), introducing the reports of the Board of Auditors for the financial period ending 31 December 1995, said that during the biennium 1994-1995 the Board had conducted "horizontal" audits by which selected topics in the areas of programme planning, performance, monitoring, budgetary assumptions, programme budget reporting and internal audit had been examined in most of the 14 organizations audited. The Audit Operations Committee of the Board had maintained a continuing dialogue with the administrations of the audited organizations and had worked in close cooperation with the Office of Internal Oversight Services (OIOS) and the internal audit services of the various organizations to ensure adequate coordination of audit activities. The Committee had also exchanged information on issues of mutual interest with the Joint Inspection Unit (JIU).

2. For its part, the Advisory Committee on Administrative and Budgetary Questions (ACABQ) had met with the Audit Operations Committee from 1 to 10 October 1996 to discuss the Board's reports. In its report (A/51/533), the Advisory Committee had requested the Board to conduct a special audit on all aspects of the Integrated Management Information System (IMIS) project, a follow-up audit of the administration and management of letters of assist (LOA), and a special audit of the Capital Assets Fund of UNICEF. The Board had taken note of those requests. As requested by the Advisory Committee, the Board would in future indicate in a separate section of its reports cases of recurring malpractices, violations of rules, and regulations which had not yet been implemented by the administrations.

3. By way of general comments, the Board favoured extending the term of office of its members to six years; that would bring it into alignment with the system of biennial accounting used by United Nations organizations and give members sufficient time to become familiar with the audited organizations. He noted, moreover, that the financial reporting on peacekeeping activities had been changed from a biennial to an annual basis. Accordingly, with effect from 1997, the Board would present annual reports on peacekeeping operations.

4. With regard to the General Assembly's request, in resolution 50/239, that the Board should comment on the reports of OIOS, the Board had considered how best it could meet that request within the limits of its resources. It would closely follow the final reports of OIOS and comment on them where appropriate.

5. Turning to some of the main findings and recommendations contained in the reports, he noted that the Board had qualified its audit opinion on the financial statements of six organizations. In respect of the United Nations Development Programme (UNDP), the United Nations Population Fund (UNPFA), the United Nations International Drug Control Programme (UNDCP) and the United Nations Environment Programme (UNEP), the Board had been unable to obtain

sufficient evidence in the form of audit certificates from Governments and non-governmental organizations to confirm that funds advanced to them for technical cooperation projects had been expended for the purposes intended. It had also noted significant growth in the level of expenditure on nationally executed projects and had made recommendations for improving auditing arrangements in that area.

6. The Board had also found material uncertainty about the valuation placed on outstanding assessed contributions receivable and had therefore qualified its opinion on the financial statements of the United Nations peacekeeping operations, since it believed that the realization of a proportion of those assessments was doubtful. It recommended that the Administration should find appropriate solutions to the valuation placed on outstanding assessed contributions receivable. It was not, however, suggesting that long-outstanding assessed contributions receivable should be cancelled. Provision should therefore be made in the accounts for such receivables.

7. In the case of the United Nations Habitat and Human Settlements Foundation (UNHHSF), the Board had qualified its audit opinion on the financial statements because of non-compliance with the format of presentation approved by the General Assembly and the overstatement of income by a total amount of $1.17 million.

8. With regard to the accounting standards of the United Nations system, the Board had observed that organizations had generally complied with the common accounting standards in presenting the financial statements for the biennium 1994-1995. Further work needed to be done, however, in some areas, to bring the financial statements more closely into line with those standards. The main areas for attention included disclosure of valuation of non-expendable property, cash held in non-convertible currencies and disclosure of end-of-service liability for termination benefits.

9. On the issue of overpayment for construction contracts, the Board had noted that UNDP had paid a total of $39.3 million against fixed-price construction contracts valued at $27.9 million. The approval of the Headquarters Contracts Committee had not been obtained to sanction increases beyond contract amounts. Additionally, for four contracts totalling $1.28 million, UNDP had paid the architect some $3.8 million on the basis of a percentage of the actual construction costs, rather than a percentage of the contract costs as provided in the contract. In all of those cases, there had been significant shortcomings in the exercise of the certifying and approving officers' functions. Accordingly, the Board recommended that UNDP should ascertain whether any payments to contractors, subcontractors or the architect had been outside the terms of the contracts and, if so, take appropriate recovery action.

10. Turning to other financial issues, he said that the United Nations Children's Fund (UNICEF) had included in the contributions receivable of $195.2 million an amount of $14.1 million, which had remained unpaid for some five to ten years, and had not made provision in its financial statements for the doubtful receivables. Also, the policy of recording cash assistance to Governments as programme expenditure was not consistent with the financial regulations of UNICEF or with its definition of programme expenditure. The

Board therefore recommended that UNICEF policy in that area should be reviewed. Furthermore, UNICEF should establish a reserve for its contributions receivable in order to ensure an accurate disclosure of its realizable assets.

11. In the financial statements of UNHHSF, a liability of $3.3 million due to the Central Emergency Revolving Fund (CERF) of the Department of Humanitarian Affairs had not been disclosed. Also, inter-fund borrowing amounting to $0.9 million from the Foundation's funds and trust funds had been used to augment the activities of the United Nations Conference on Human Settlements (Habitat II), which had resulted in a freeze in the non-earmarked projects of the Foundation. The Board had noted that in the International Trade Centre (ITC), the United Nations Institute for Training and Research (UNITAR), the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and UNHHSF, expenditures had been incurred or authorized for projects prior to the receipt of funds, contrary to United Nations procedures, and suggested that financial commitments should not be made without sufficient donor funds.

12. At the end of the biennium, there had been a decline in the liquidity position in the United Nations, the United Nations Environment Programme (UNEP), UNRWA and UNHHSF, which called for more effective working capital management in those organizations. Furthermore, the Board had observed that expenditure had exceeded income in UNICEF by $5.4 million, in UNDCP by $6.9 million and in UNITAR by $111,585.

13. With regard to management issues, while there had been improvements in overall budgetary control in the United Nations, the Board saw the need for more rigorous control to be exercised over the budgetary performance of trust funds. It noted, furthermore, that budget allotments had been exceeded in the United Nations University (UNU), the Office of the United Nations High Commissioner for Refugees (UNHCR), and UNEP, contrary to existing regulations, and recommended that the systems and procedures for budget estimation and budgetary control in those organizations should be reviewed in order to ensure that actual expenditures were within allotments.

14. On the question of procurement, the Board welcomed the reforms initiated by the Administration to improve the procurement process in the United Nations, including the restructuring of the Division for Procurement Projects. The Board's review had disclosed that the Division did not have comprehensive data on procurement cases above $500,000 which had been exempted from the bidding process. In addition, despite the Board's earlier recommendation that major procurements above $500,000 should be by open tender, the latter had rarely been used in the procurement process. The Board was also concerned that, of the contracts reviewed by the Headquarters Committee on Contracts from 1 July 1995 to 30 April 1996, 57 per cent of those from the Department of Peacekeeping Operations and 23 percent of those from United Nations Headquarters had been on either an ex post facto or a partial ex post facto basis.

15. Also in the United Nations, letters of assist (LOA) had not been administered in accordance with the Organization's rules and procedures. The Board had found that in some cases there had been insufficient details on originating requisitions to provide a basis for verification against actual services received and goods delivered to field missions. In other cases,

amounts had been paid or been certified for payment, without cross reference to the appropriate LOA numbers. The Board had made recommendations for improving the control and monitoring of procurement made through letters of assist.

16. The lack of planning had led to the piecemeal procurement of goods and to shortcomings in competitive bidding procedures in UNU, UNEP and UNHHSF. The Board therefore suggested that those organizations should prepare annual procurement plans in order to facilitate the consolidation of orders, benefit from economies of scale and ensure overall competitiveness in procurement.

17. With regard to the liquidation of peacekeeping operations, the Board had observed significant gaps in the acknowledgement of property transferred from the United Nations Transitional Authority in Cambodia (UNTAC), the United Nations Operation in Mozambique (UNOMOZ) and the United Nations Operation in Somalia (UNOSOM II) to other missions. Instances had occurred in which property had been transferred from liquidating missions to ongoing missions without a thorough assessment of the needs of the receiving missions. The Board recommended that more attention should be paid to liquidation management.

18. As for programme management, self-evaluation of subprogrammes had been declining. Programme planning was deficient in UNHCR because of inaccurate estimations of funds and of the numbers and needs of refugees. The policy framework of UNEP had not clearly delineated the Organization's role in project formulation and programme management vis-à-vis its implementing agencies. UNRWA had implemented the Groba Irrigation Technology Project without due regard to the Agency's programme management procedures; that had led to deficiencies in project design, expenditure monitoring and control and donor reporting. Deficiencies in project planning and implementation had also been noted in UNHHSF and UNU.

19. In UNICEF, the inability of many assisted countries to discharge their basic obligations under cooperation agreements cast doubts on whether the Organization could achieve its goals of sustainability and capacity-building through its projects. In UNDP and UNFPA, the Board had found weaknesses in the way national execution projects were delivered, particularly in the assessment of the capacity of countries to undertake such projects.

20. On the question of human resources management, he noted that in the United Nations Office in Geneva (UNOG), the Department for Development Support and Management Services, UNFPA and UNDCP, terms of reference for the engagement of consultants were not always detailed enough for the effective control and monitoring of contracts. The Board had found that nearly 80 per cent of the consultants engaged by United Nations Headquarters were from 12 developed countries. Similarly, 47 per cent of all contracts awarded by the Department for Development Support and Management Services in 1994 had been given to four developed countries. The Board believed that appropriate norms should be established for the selection of consultants from a wider geographical base.

21. In the area of training, the Board suggested that the training of chief administrative officers of peacekeeping field missions, military logistic personnel and other peacekeeping personnel involved in procurement should be further improved. Long-term training strategies should also be developed by UNU

and its institutes to provide appropriate training for young scholars from developing countries.

22. With regard to budget formulation, the Board had found that the United Nations and UNICEF used the most recent available exchange rates to compute standard cost tables and suggested that an exchange rate based on the average of the actual rates of the preceding year would be more accurate since it would eliminate the fluctuations in the monthly rates. In the United Nations, the projection of the rate of inflation based on the consumer price index for non-post items should be reviewed since that index did not represent the price trend of all goods and services procured by the duty stations. Furthermore, instead of adopting uniform assumptions of the delayed recruitment factor for all duty stations, appropriate vacancy rates should be used for each duty station, based on previous trends.

23. Following its horizontal review of internal audit in a number of organizations, the Board had found that the effectiveness of the internal audit function in many organizations was deficient, owing to inadequate coverage of activities, insufficient staff resources and delays in the implementation of internal audit recommendations. In UNICEF, there had also been delays in the implementation by the administration of internal audit recommendations. The Board had recommended that the Internal Audit Committee of UNICEF should establish time-frames for the implementation of audit recommendations.

24. The Board had noted that the Division for Audit and Management Review of UNDP and the Audit Management and Consulting Division of OIOS lacked long-term plans to guide their audits. Staffing levels in the Division for Audit and Management Review were inadequate and the Division had therefore been unable to complete its planned programme for 1994-1995. There was a need for the Division to establish standard documentation clearly setting out the audit procedures used and to update its permanent files with basic information on the subjects of the audits. The coverage of UNHCR country programmes by the Audit Management and Consulting Division was insufficient and should be increased in order to ensure more frequent coverage of activities with high-risk ratings. That Division's auditing approach also needed to be reviewed in order to ensure that smaller missions were audited on a more regular basis.

25. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee on the financial reports and audited financial statements, and reports of the Board of Auditors (A/51/533), said that there seemed to be general agreement that the Board of Auditors was functioning well. The Advisory Committee had examined 15 reports of the Board of Auditors for the biennium ended 31 December 1995 and one report of the Secretary-General on accounting standards (A/51/523). It had had very useful discussions with members of the Audit Operations Committee on the content, format and presentation of the Board's reports.

26. The Advisory Committee's role with respect to the reports was governed by financial regulation 12.11 of the Financial Regulations and Rules of the United Nations, which specifically required the Board to transmit its reports to the General Assembly through the Advisory Committee. For a number of years, however, the Advisory Committee had been experiencing considerable difficulty in

discharging its mandate. Besides receiving incomplete documentation, it had been forced to work on the basis of advanced texts in English, a situation which was completely unacceptable to members who used official languages other than English. The Administration had invoked the late release of IMIS (III) and the late submission of field accounts as contributing to the delay in the closing of the year's accounts. However, delays in the publication of reports in the previous and current year indicated that the problem was a more fundamental one. The Advisory Committee had not had the audited financial statements, as required by financial regulation 12.11, nor the financial reports at its meeting with the members of the Board. Very few of the reports on measures or proposals to implement recommendations of the Board were being submitted through the Advisory Committee in a timely manner. There was also insufficient capacity within the Secretariat to coordinate the review and implementation of the Board's recommendations. Those shortcomings had compromised the Advisory Committee's ability to monitor the implementation of the Board's recommendations. The Advisory Committee had therefore requested the Secretariat to review the situation and to introduce remedial measures.

27. In paragraphs 18-31 of its report, the Advisory Committee submitted comments and made general recommendations. Subject to minor differences, its views and recommendations were supplementary to the Board's observations and recommendations.

28. Even though the Board had qualified its opinion on the financial statements of six administrations and on those of the peacekeeping financial statements, it had found that the United Nations and its funds and programmes were generally complying with the accounting standards noted by the General Assembly in resolution 48/216 C. Differences had arisen on the application of articles 32 and 33 regarding the treatment of delays in income from assessed and voluntary contributions. The representatives of the Secretary-General had informed the Advisory Committee that the Secretariat did not regard article 32 as mandatory. In the Advisory Committee's view, however, regardless of the length of time the amounts were due, assessed contributions were collectable unless the General Assembly decided otherwise.

29. After carrying out an extensive "horizontal" audit of all aspects of programme and project execution and implementation, the Board had qualified its opinion on the financial statements of a number of organizations because of deficiencies in certification. The Advisory Committee had requested that action should be taken to avoid such qualification in the future.

30. In paragraphs 23 to 28 of its report, the Advisory Committee offered a number of additional recommendations. The Board's findings should be considered collectively, preferably in the context of the Administrative Committee on Coordination (ACC). Organizations should share experience and compare the various actions taken to address the deficiencies identified by the Board. The system as a whole needed to cooperate at the country level to create capacity through a variety of means, including coordinated assistance to enhance the capacity of implementing and executing agencies and organizations. It was important that the United Nations and its funding programmes should identify areas that required intervention well in advance of their implementation of agreements. It was a waste of resources to conclude agreements only to discover

that the implementing partner was incapable of delivering what was called for in the agreements. It was equally counter-productive to enforce agreements when the other party lacked the capacity to comply.

31. Although there had been some improvement in the internal audit function in the Secretariat, the situation, particularly in funds and programmes, continued to suffer from inadequate audit planning and insufficient resources, which compromised the scope and frequency of internal audits. Of particular concern was the lack of commitment by the management of some funds and programmes to pay more attention to internal audits and to implement the recommendations thereof in a timely manner. The Advisory Committee had identified some areas where it was necessary for certain administrations to devote more resources and attention to internal audits.

32. With respect to procurement, many of the fundamental weaknesses and irregularities previously identified by the Board persisted, and the effects of the ongoing reform process had yet to be felt. Procurement reform deserved top priority, in view of the volume of resources expended on procurement and the extent of the irregularities uncovered. The related problem of poor inventory management, on which the Advisory Committee had previously reported (A/50/985), gave rise to uncertainty about existing stocks, which led to excessive procurement. Expenditure was also incurred for transferring old inventory between missions or for maintaining it in operational areas. In addition, the Board had identified instances where funds could have been obligated for items which the receiving missions had never requested or which might not have been brought into the operational area. Procurement reform must therefore be combined with the reform of inventory management.

33. The Board's findings on consultancies revealed persistent and serious irregularities, which gave the impression of favouritism, in the identification, recruitment, payment and management of consultants, The case described in paragraphs 112 and 113 of the Advisory Committee's report (A/51/533) was particularly startling. The Administration's usual excuses for consistently hiring consultants from a very narrow geographical base were unacceptable; as the Board had indicated, it was often much more cost-effective to hire consultants from a larger base and to widen the base for national consultants. In view of the expected tendency to make more use of loaned personnel, temporary assistance and consultancies, as permanent contracts for international civil servants came under increasing pressure, the Advisory Committee recommended that the Secretariat should revert to its earlier practice of reporting regularly to the General Assembly, through the Advisory Committee, on the functions, nationality and remuneration of consultants and on the frequency and length of their contracts.

34. With respect to trust funds, there were a number of cases where administrative instructions were not being followed. Expenditures continued to be incurred before assured and attainable income was ascertained; services chargeable to trust funds were often charged to regular budget accounts; and expenditure was often incurred on the basis of promises of reimbursement by donors. The General Assembly had already concurred with the Advisory Committee's recommendation that, where donor terms and demands were incompatible with United Nations financial rules and procedures, the latter must prevail.

Referring to paragraph 29 of the Advisory Committee's report (A/51/533), he said it was necessary to devise satisfactory procedures for remedy in cases of mismanagement, to complement the procedures already in place for cases of fraud and embezzlement. If the administrations did not give that issue due priority, legislative bodies might become involved in an area which was and should remain the prerogative of the Secretary-General and the executive heads of funds and programmes.

35. The Board's audit of budget preparation had confirmed that the budget process of the United Nations and its funds and programmes was quite advanced and sophisticated. The audit had found no evidence of overbudgeting or other significant deficiencies resulting from the budget process, which was regulated by intergovernmental directives and was constantly monitored. In reviewing budget proposals, the Advisory Committee routinely examined and made recommendations on many of the issues studied by the Board, such as the use of average exchange rates, the use of vacancy rates specific to particular duty stations, the calculation of inflation and common staff costs. Moreover, currency and inflation assumptions were reviewed and changed, if necessary, in the context of annual performance reports.

36. The Advisory Committee recommended that the administrations should indicate, in their next budget submission, the extent to which the Board's recommendations could be taken into account, and cautioned that care should be taken to avoid introducing new procedures which were not cost-effective. The environment in which some organizations operated should be taken fully into account, particularly in assessing levels of initial and actual expenditure. In the future, the Board should not be burdened with requests to audit areas such as the budget process, and it should not be asked to undertake tasks with the hope that the results would resolve political differences among Member States.

AGENDA ITEM 120: HUMAN RESOURCES MANAGEMENT (continued) (A/51/304 and A/51/421; A/C.5/49/63 and A/C.5/49/64; A/C.5/50/64; A/C.5/51/1, A/C.5/51/3, A/C.5/51/6 and A/C.5/51/7)

37. Mr. HALLIDAY (Assistant Secretary-General for Human Resources Management), replying to questions raised by delegations at earlier meetings of the Fifth Committee, said that the three outstanding reports of the Joint Inspection Unit referred to by the German and Algerian delegations - dealing, respectively, with recruitment, placement and promotion, geographical distribution and staff-management relations - were still being finalized. In reply to the Japanese delegation's question about the recruitment of new staff members to fill P-2 posts during the past year, he said that 32 new staff members (18 men and 14 women) had been exempted from the recruitment freeze and recruited for P-2 posts through national competitive examinations. In addition, 20 new staff members (11 men and 9 women) had also been exempted from the freeze and hired to fill posts with special language requirements over the same period (September 1995 to October 1996). In accordance with the Japanese delegation's request, a corrigendum was being issued to the document on the composition of the Secretariat (A/C.5/421, para. 38); the staff list requested by that delegation would be issued the following week. As for the potential impact of the Staff College on the United Nations Institute for Training and Research (UNITAR), the United Nations Interregional Crime and Justice Research Institute (UNICRI) and

the United Nations University (UNU), he would advise the Fifth Committee if any such impact was evident.

38. In reply to the concerns expressed by the delegations of Costa Rica (on behalf of the Group of 77 and China), Cuba and the Islamic Republic of Iran, he said that complete information on the redeployment exercise, specifying the staff members affected, their nationality and the impact (if any) of redeployment on geographical distribution, would be provided under agenda item 116. Active efforts were being made to place the 17 staff members, including two Iranian nationals, who remained on the redeployment list.

39. The representative of Egypt, supported by the representatives of Cuba, the Islamic Republic of Iran, Sierra Leone and Zimbabwe, had voiced concern about the crisis of confidence that seemed to have arisen as a result of a perceived breakdown in staff-management communications. However, representatives of the Secretary-General - who, as the Organization's chief administrative officer, was ultimately responsible for staff-management relations - continued to meet regularly with Staff Union representatives through the Staff-Management Coordination Committee (SMCC) and the local Joint Advisory Committees (JACs). The recent twentieth session of SMCC had been perceived as a success by its President, although Staff Union leaders had expressed a different view. He had asked the President of SMCC to preside over an informal meeting with the President of the Coordinating Committee for Independent Staff Unions and Associations of the United Nations System (CCISUA) to explore ways of changing the Staff Union's negative perceptions. Since managers were themselves United Nations staff members, they sympathized with their colleagues in the current atmosphere of uncertainty created by the downsizing of the Organization. He hoped that the Staff Union would collaborate with the Administration, instead of opposing its efforts, in order to serve the interests of the United Nations in the context of the constraints imposed by the General Assembly, inter alia in resolutions 50/214 and 50/215.

40. The safety and security of United Nations personnel was another area in which the Administration fully shared the concerns of staff. Although staff were not accountable to the General Assembly in that regard, they should be expected to collaborate in the search for solutions. He did not see any breakdown in staff-management communications, since exchanges with the staff continued not only through SMCC and JAC, but also through the daily contacts of the Office of Human Resources Management (OHRM) with the staff, the staff's collaboration on issues such as harassment in the workplace, the Administration's concern about media attacks on individual staff members, and so forth. It was important to recognize that communication was a two-way street and to view the situation realistically. He understood that the staff felt threatened and demoralized in the budget climate created by the Organization's response to its financial crisis, by the renewed emphasis on performance issues, the possibility that the redeployment process and the buy-out programme could lead to involuntary separations, the resignations of some long-term staff, the perception that pay levels were uncompetitive, the high percentage of loaned personnel and the frequent depiction, outside the Organization, of the international civil service as a bloated bureaucracy. However, the United Nations had invested in the People Management Training Programme to ensure that managers responded to the needs of staff, encouraged staff

participation and provided staff with greater recognition and feedback. The Administration would do its part to ensure ongoing communication with the staff.

41. Mr. MIRMOHAMMAD (Islamic Republic of Iran) said that he appreciated the Assistant Secretary-General's explanations, but that he still wanted information on the nationality of consultants and short-term staff. He shared the concern expressed by the Chairman of the Advisory Committee under agenda item 111 about the hiring of consultants.

42. Mr. HALLIDAY (Assistant Secretary-General for Human Resources Management) said that he was still awaiting vacancy management data to supplement his office's human resources data, and that he would provide an answer in writing the following day.

43. Mr. ODAGA-JALOMAYO (Uganda) said that his delegation took a keen interest in the issue of redeployment and placement and that it would like further details on that subject and on the Administration's exchanges with staff so as to be in a better position to judge the situation. He asked whether posts which became vacant owing to involuntary separations would continue to exist or be abolished, and whether it was true that some of those posts had been filled by people who had been given special consideration.

44. Ms. BUERGO RODRÍGUEZ (Cuba) said that her delegation was still awaiting the information on the impact of staff reductions on equitable geographical distribution and had the same concerns as the delegation of Rwanda regarding involuntary separations. With regard to the Assistant Secretary-General's comments as to whether there was a crisis of confidence between the Administration and the staff, the atmosphere he had described still gave cause for concern, particularly in terms of its impact on the implementation of programmes and activities. It was, for example, surprising that there were such divergent opinions with respect to the most recent meeting of SMCC; it appeared that there was a lack of consultation in the dialogue between the Administration and the staff. She was also concerned about the indication that reductions beyond those originally provided for by the General Assembly were being contemplated. She looked forward to additional information on the impact of the redeployment exercise and to further consideration of relations between the Administration and the staff.

45. Mrs. EMERSON (Portugal) said that everyone knew that morale was low among the staff. That was due in part to financial restraints and the ensuing uncertainties, but also to a failure to follow established procedures in the filling of vacancies. All vacancies should be announced so that staff could apply. In practice, lists were given to Member States without there being an opportunity for all. As a result, staff members who felt they were treated unfairly might seek legal redress and be awarded compensation; Member States would then have to pay. In that regard, she asked how many posts over the past year had been filled in disregard of the established procedures, and how many legal claims had resulted.

46. Mr. HALLIDAY (Assistant Secretary-General for Human Resources Management), responding to points raised by the representative of Uganda, said, with regard to the redeployment exercise, that administrative instruction ST/AI/415 had been

issued in April 1996 after a special session of SMCC to set forth procedures to protect the staff from losing any opportunity as a result of the need to freeze posts.

47. As part of the exercise, in departments where savings were required, individual and comparative assessments had been sought of all staff at the same level discharging the same function. Managers had submitted the evaluations to joint departmental review panels, whose recommendations had been submitted to departmental heads as a basis for final recommendations on redeployment. Staff members had then been invited to apply for vacancies, throughout the global Secretariat in the case of Professionals. Efforts had been made to ensure that field mission staff were aware of the exercise and OHRM had even proposed the names of individual staff members who had been reluctant to apply personally.

48. A further departmental review had then been conducted by the joint panels, and recommendations had been submitted to the appointment and promotion machinery. In a high percentage of cases, the Appointment and Promotion Board had endorsed the recommendations it had received. The Board had been charged to protect equitable geographical distribution and gender balance.

49. These arrangements he had described had been developed in consultation with the staff, although elements of the staff had later had second thoughts. In some cases, departmental panels had functioned with staff representatives present merely as observers. The procedure had also applied to extrabudgetary staff, and the mechanism outlined in document ST/AI/415 had been adopted at Nairobi. The administrative instruction had contained forms allowing individuals to indicate their current and previous posts, mobility, language skills, seniority and contractual status. While the exercise had been weighted towards permanent contract holders, it had not excluded those holding fixed-term appointments. An effort had been made to recognize long service.

50. The issue of the impact of involuntary separations was academic, since none had in fact taken place. Were an involuntary separation to occur, the post in question would be frozen, not abolished.

51. With regard to the points raised by the representative of Cuba, perceptions of staff-management relations were important, and the Administration needed to do better. The Committee would note that consultation exercises were not inexpensive - the recent session of SMCC had cost $140,000. In addition to formal meetings, SMCC also provided an opportunity for informal consultations on points of concern.

52. He understood the concern over downsizing and the freezing of posts and the setting of a higher vacancy rate than provided for by the General Assembly. The reality was that the application of the 6.4 per cent vacancy rate had resulted in savings of only $50 million, leaving more than $100 million still to be found. Since some 73 per cent of the budget related to staff costs, it was simply not possible to save such a large amount without further staff reductions; that accounted for the freezing of posts and the early separation programme.

53. Regarding the points raised by the representative of Portugal, proper procedures were followed in almost all cases, and, in fact, all concerned lamented the time needed for recruitment. Occasionally there were exceptions, authorized by the Secretary-General, essentially where there was an urgent need to fill a post or where a specialized requirement was involved.

54. Mrs. EMERSON (Portugal) asked for a list of such exceptions to be provided in a conference room paper.

55. Mr. STÖCKL (Germany) said that it was not clear to his delegation whether the list of vacancies made available under the redeployment exercise had been complete. It should have included posts filled on the basis of special service agreements and short-term appointments, which bypassed the regular appointment procedures. He requested information on the "catch-all" examinations held in July 1995 and January 1996 to regularize short-term appointments. Since they had not been national competitive examinations, the posts should be charged to the quota for the G- to P- examination, He requested a breakdown by type of examination of appointments subsequent to those examinations.

56. He wished to know how many appointments had been made at the P-3 level of persons who already filled a post but did not hold any regular appointment. His understanding was that that had occurred in more than 50 per cent of P-3 appointments, so that the vacancy announcement had been merely for show. He requested statistics indicating how many such posts had been given to external candidates, and how many to quasi-incumbents. The question was related to the issue of short-term and consultancy appointments, which were not made on a competitive basis. If individuals so recruited were then given preference over external candidates, the vacancy announcement procedure was doubtful. OHRM should give an assurance that back-door entry would be stopped, and that a more transparent and fairer procedure would be followed in future.

57. Mr. ODAGA-JALOMAYO (Uganda) shared the concerns expressed by the representative of Germany. There appeared to be an old boys' network operating within the Organization. He also shared the views expressed by the representative of Portugal.

58. With respect to the posts available for redeployment, he trusted that the exercise had been transparent and had been conducted with due regard for equitable geographical distribution, and that it had been fair to the staff. He asked whether any effort had been made to redesignate posts to suit the interests of specific staff members not interested in other departments, and whether all staff subject to redeployment had now been redeployed.

59. Mr. HALLIDAY (Assistant Secretary-General for Human Resources Management) said that, as requested by the representative of Portugal, a list of exceptions would be provided.

60. Regarding the points raised by the representative of Germany, he was confident that the list of some 160 posts available for redeployment had been largely complete. Every effort had been made to ensure that departments provided details of all available posts.

61. With regard to the regularization of P-2 entry, staff members who were recruited against P-2 posts on short-term appointments and then extended had been required to pass a national competitive examination or leave. The results of the exercise - which had now halted owing to the financial crisis - had been properly included in the 70 per cent of posts reserved for the national competitive examination process.

62. He was not aware of the 50 per cent figure in respect of P-3 appointments referred to by the representative of Germany, but would pursue the matter. Most staff members moving to the P-3 level were internal candidates recruited on the basis of national competitive examinations; only after that were such examinations held to recruit at the P-3 level.

63. He trusted that the picture painted by the representative of Germany was not accurate. Efforts were being made through the Integrated Management Information System (IMIS) to make sure that no post could be encumbered without the knowledge of OHRM.

64. He took note of the Ugandan representative's interest in the data requested by the representative of Germany and, in response to his reference to redeployment, expressed regret that the process might not have been as transparent as had been hoped. Implementation of administrative instruction ST/AI/415 had been as transparent as possible; staff and management had worked together, and by and large the recommendations of the department heads had been endorsed. There had, unfortunately, been fewer redeployments than had been hoped; some candidates were not suitable and, in that respect, results were not encouraging, but the process had been carried out correctly. If further redeployments were necessary, the management would meet with staff colleagues to seek to improve the implementation of the administrative instruction. He also wondered whether it was possible to avoid damaging morale given the many factors involved, such as criticism, budget reductions, anxiety and the fear of terminations (although no positions had been eliminated to date). As for the question of some departments re-designating posts rather than redeploying staff, the departments heads had been made responsible for such decisions, as had been the case during the buy-out offers, and the process seemed to have worked well. There were still 17 staff members awaiting redeployment.

65. As for the redeployment of staff returning from peacekeeping operations, some had not been redeployed as quickly as would have been desirable. In that connection, he observed that the United Nations tended to under-reward staff who accepted short-term missions in peacekeeping or other field areas and recalled his earlier suggestions concerning the introduction of managed reassignment, whereby staff members would more readily accept overseas assignments if they were guaranteed a choice of other vacancies or opportunities, in New York or elsewhere, once their assignment had ended. The Secretariat had difficulty managing mobility and he stressed the need for the system as a whole to learn from other programmes and work to resolve that problem in the coming months.

66. Mr. GODÀ (Japan) said that his delegation shared the concerns expressed by the representative of Portugal relating to non-compliance with the recruitment procedures and awaited the information which the Assistant Secretary-General had agreed to provide. He was also concerned by the response given to the

representative of Germany concerning follow-up to the comprehensive examinations. During the fiftieth session, the Assistant Secretary-General had stated that such examinations would have no effect on the national recruitment examinations, but he now said that those who had passed the comprehensive examinations would be included in the 70 per cent. He hoped that apparent discrepancy would be cleared up during the informal consultations and that information concerning the cancellation of the follow-up examination in July 1996 would also be provided. He was concerned about staff-management relations during a difficult time of budget restrictions and poor working conditions such as salary restrictions. Proper morale was essential if the Organization was to function efficiently and he asked the Secretariat to redouble its efforts to maintain good relations with the staff and ensure better performance in the future.

67. Mr. RI Gwang Nam (Democratic People's Republic of Korea) recalled that the Secretariat was required not only to recruit on the basis of competence and skill, but also to follow the principle of equitable geographical distribution. In resolution 49/222, the General Assembly urged the Secretary-General to address the problem of underrepresentation of some countries in high-level posts. As many delegations had pointed out, the principle of equitable geographical distribution was not being uniformly applied. Despite the reductions under way, the principle of equitable geographical distribution should be maintained and all countries should be represented, especially when their candidates had already passed an examination. He expressed regret that two candidates from his country who had passed the P-2/P-3 examination in 1993 had still not been recruited and expressed the hope that the Secretariat would take into account the concerns he had expressed when filling vacancies.

68. Mr. ROSALES (Nicaragua), referring to the practice of employing Junior Professional Officers as a means of saving money, said he was concerned about the increase in the numbers of such personnel and wondered what proportion of staff they represented. He asked about the financing of such staff by the developed countries and the possibility of recruiting more candidates for those posts from developing countries.

69. Mr. HALLIDAY (Assistant Secretary-General for Human Resources Management), replying to the representative of Japan, said he regretted any ambiguity which might have appeared in information presented earlier. Candidates who passed the national competitive examinations were not staff of the United Nations; they were candidates from Member States and were quite properly included in the 70 per cent allocation. He would provide the representative of Japan with information concerning those examinations. He confirmed that the programme had now been cancelled.

70. As for the issue of staff morale and its impact on performance, most staff members were, in his opinion, highly competent and dedicated, as could be confirmed by anyone who had seen them performing their duties at various duty stations, on peacekeeping missions and elsewhere. Staff representatives had indeed voiced some concerns, but those concerns were not necessarily shared by all the staff. A recent meeting of SMCC had been attended by 200 persons, not an overwhelming number of staff. He hoped that most staff members were content

and were confident that, with the support of Member States and the Secretary-General, the United Nations would survive its present difficulties.

71. During a recent evaluation of management seminars for the P-5 levels, the organizers had said that they were impressed by the level of ability, dedication and commitment of the staff members involved. He therefore felt that, despite the concerns expressed, there was indeed hope for the future. Communication between staff and management was a two-way street and must continue; there had been a great deal of correspondence, some of which had been shared with the Committee.

72. He was concerned at the view expressed by the representative of the Democratic People's Republic of Korea that recruitment had not followed the principles of equitable geographical distribution, but stressed that Member States must take advantage of recruitment opportunities. Some 22 countries were indeed underrepresented, but they tended to be small countries which needed their skilled people at home. Work to correct underrepresentation would continue, but the process would be a slow one given the limited number of opportunities available. He undertook to ascertain why the two candidates from the Democratic People's Republic of Korea had not yet been recruited, but stressed that candidates could only be placed where appropriate opportunities existed and if they met the requirements; no new positions could be created for them.

73. Responding to the representative of Nicaragua, he said that there were no Junior Professional Officers in the Secretariat, although the Secretariat did make use of associated experts from time to time. Junior Professional Officers were, however, widely represented in the United Nations system (some 300-400) and they made a valuable contribution, often serving two years, generally in field positions. They were fully funded by Member States as staff members under contract to the Organization. He admitted that there was real concern that most of the countries subsidizing such positions were developed countries. Some of the donor countries - for example, the Netherlands - had, however, provided funds for recruiting Junior Professional Officers from developing countries. He hoped that other donor countries would follow that example.

74. Mrs. INCERA (Costa Rica), speaking on behalf of the Group of 77 and China, took note of the information provided by the Assistant Secretary-General in response to questions and said that she hoped it would be made available to the members of the Committee in writing.

75. Miss MONTANO-DURÁN (Bolivia) expressed satisfaction that in 1997, for the first time, a recruitment examination would be held in Bolivia. Her delegation attached great importance to the recruitment examination process and fully supported efforts to recruit qualified applicants from Member States.

76. Mr. HALLIDAY (Assistant Secretary-General for Human Resources Management), in response to the request from Costa Rica, suggested that, rather than impose an additional burden on himself and his staff, perhaps the summary record of the meeting would suffice as a written record of the information which he had presented to the Committee.

77. Mr. NOUR (Egypt), recalling that he had requested that the agenda item under discussion should be kept open, said that, given the fact that many questions had been asked during the meeting, more time should be allocated to the item.

78. Mrs. INCERA (Costa Rica) repeated her request that the information should be provided in writing, especially given the long delay between the holding of a meeting and the issuance of the corresponding summary records.

79. Mr. HALLIDAY (Assistant Secretary-General for Human Resources Management) suggested that he might prepare a brief summary of his answers to the Committee, issue by issue, and also include the new data which had been requested.

80. Mrs. INCERA (Costa Rica) pointed out that, since the Committee's proceedings were tape-recorded, she wondered whether it would be possible to obtain a transcript of the recordings.

81. The CHAIRMAN stated that, if there were no further comments, consideration of agenda item 120 would be suspended pending receipt of the report of the Sixth Committee on the reform of the internal system of justice in the Secretariat.

The meeting rose at 12.50 p.m.